

176 STATE MONOPOLY IN BANKING

owned and directed by shareholders, and ran for their profit, or whether they might not, in some cases, be owned and directed by the great industrial associations and combinations that the Government is now promoting in the various industries, and be ran for the advantage of the industries as wholes, may be a matter for consideration and possible experiment. In either case, the concerns to which the Government would lend its capital would, of course, have to be of undoubted financial stability to be secured, it may be, by large uncalled capital, or by the joint and several guarantees of a numerous membership : coupled, possibly, with a charge on the assets."

At first sight this proposal to differentiate the functions of banking is somewhat startling, and one wonders whether it could possibly work. On consideration, however, there seems to be nothing actually impracticable about the scheme. The Government would presumably take over all the offices and branches of the banks of the country, and would therein accept money on deposit and current account, making itself liable to pay the money out on demand or at notice, as the case may be, just as is done by the existing banks; it would hold the necessary cash reserve, and it would apparently itself invest a certain proportion of the money in Government securities, as the banks do at present. The more difficult part of the banking business, the advancing of money to borrowing customers, it

would hand over to financial institutions,
created for
this purpose presumably out of the ashes
of the
nationalised banking business. These
institutions
would make themselves responsible for
the lending